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U.S. STRATEGY IN CURRENT SINO-U.S. TALKS

SUMMARY

By its statements at the 135th Sino-U.S. meeting in Warsaw January 20, Peking showed promise of some flexibility; this, coupled with other less formal indications, suggest that Peking may be prepared to make some significant policy adjustments.

We do share certain common interests relating to avoidance of war and inhibiting the Soviet Union. Peking's interest in moderating its relations with the US in this context may lead to some flexibility on other issues, including Taiwan.

We cannot reach a long-term resolution of the Taiwan issue at this time, but it may be possible to find a way to set aside this issue in such a way that both we and the PRC preserve most of our essential options. This is what we should seek in our initial negotiations with the Chinese. We also should seek their agreement to act on our initiatives regarding trade and travel.

Present PRC and U.S. objectives regarding Taiwan may be totally incompatible, but it may be possible

At some point in our current series of discussions, but not necessarily prior to the February 20 meeting, we may have to decide two key questions: (a) Are we prepared to accept that Taiwan and the mainland are parts of "one China"? (b) Are we prepared gradually to reduce our actual military presence in Taiwan?

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Peking, for whom the U.S. military presence on Taiwan is related to the Peaceful Coexistence principle of "non- interference in internal affairs," may be willing to accept a statement of U.S. intent to withdraw gradually from Taiwan if this is accompanied in the relatively near future by some symbolic removals. We will need to consider this overall question in the context of our desire for Peking's commitment not to use force against Taiwan, together with the probable impact on the GRC and our own military requirements.

Our statements at the 136th meeting are designed to probe the Chinese interest, stimulated in part by Peking's concern over the Soviet threat, in finding a formula that would permit us both to put the Taiwan question on the back burner. Peking may wish only to give the impression of movement and not the substance, a strategy that would help the PRC deal with the U.S.S.R. and might hurt our relations with the GRC and others and might weaken support for the GRC in the UN. This strategy would prompt the PRC to press for moving the Sino-U.S. discussions to Peking or Washington. We should therefore continue to attach to such a change the condition spelled out at the 135th meeting: that this change should come only after progress at the Ambassadorial-level talks in Warsaw.

If the PRC agrees to discuss a formula regarding Taiwan, we should be prepared to discuss further developments frankly with the GRC.

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Peking's Policy

1. By resuming the Warsaw meetings, by taking a markedly non-polemical posture at the first of these meetings on January 20, and by signaling their interest in swiftly following up that encounter by another only a month later, the Chinese are exhibiting greater activity in their dealings with the U.S. than at any point in the last decade. While their initial negotiating position in Warsaw January 20 was not substantively different from that they have taken in the past on the key Taiwan issue, there were certain signs of flexibility even here. These include omission of past demands for "immediate" U.S. withdrawal and of their insistence that they would make the decision for themselves whether the "liberation" of Taiwan would be by peaceful or forcible means.

2. These signals are slight. But they are amplified by the absence of ideological polemics, the focus on Sino-U.S. relations to the exclusion of all other international issues, and Chinese interest in a high-level meeting and more frequent contacts. This suggests the possibility that Peking could be prepared to make some significant policy adjustments.

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3. Chinese motives are almost certainly complex.

(c) They are interested in probing U.S. intentions in Asia, specifically to ascertain whether the Guam Doctrine will apply to Taiwan, and to obtain a further easing of U.S. military pressures around China's periphery. (d) They may be interested in some trading opportunities with the U.S., both in order to exert competitive price pressure on others and to procure items which may be superior in quality to goods available elsewhere.

4. The People's Republic of China's (PRC) diplomatic testing of the U.S. has been made possible by a partial return of domestic stability accompanied by an evolving internal political balance in which contact and negotiation with the U.S. is no longer politically suicidal. We do not assume at this point that

Peking's revolutionary posture and support for revolutionary movements is not likely to be affected by our

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Warsaw meetings. Indeed, as our pursuit of a flexible posture toward Peking alarms some of our Asian friends and arouses concern over our commitments to them, Peking's negotiations with the U.S. produces a similar impact on revolutionaries around the world and tends to undercut China's posturing as the center of the anti-revisionist, anti-imperialist struggle. Domestic political sensitivities also still pose restraints on Peking's negotiators in going too far in dealing with the U.S. It can be anticipated, therefore, that Peking will continue publicly to attack U.S. policy and support revolution, although with caution, in various countries at the same time it is talking to us in a different tone.

U.S. Objectives

5. Where then does the advantage lie for the U.S. in negotiating with the Chinese, and why should Peking be prepared to compromise any of its long-held positions?

6. Our short-term interests are: (a) to obtain a reduction of direct Sino-U.S. tensions and thus minimize the possibility of Sino-U.S. conflict; (b) to ease Chinese pressures on other Asian countries, including the Republic of China and Laos;

and (d) to develop trade and cultural

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exchange. Over the longer-run, we wish (e) to encourage any advocates within the Chinese political system of improved relations with the U.S.; and (f) to open the door to negotiations on disarmament and, ultimately, to diplomatic relations.

7. Our interests and those of the Chinese thus coincide at very few points. An optimal result of Sino-U.S. negotiations for Peking would be one in which we withdrew from Taiwan, recognized Peking, and yet left the Chinese to pursue all their revolutionary goals. The optimal solution for the U.S. in such talks involve Chinese abandonment of all their claims to Taiwan, a halt to their support for revolutionary movements, and their entering into normal trade and diplomatic relations with the U.S. Our common interests at this point focus on a mutual desire to avoid war, to maintain Chinese independence against the Soviet Union, and to pursue policies that support these two ends.

The Importance of Taiwan

8. For the Chinese, however, Taiwan has been and remains the symbolic fulcrum on which their relations with the U.S. turns. Any change in U.S.-PRC relations--even in the limited areas in which our interests now may come close to each other--also revolves around this issue.

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9. A long-term resolution of the Taiwan issue cannot be reached at this time. But it may be possible to find a formula whereby this issue can be set aside in such a way that both we and the PRC preserve most of our essential options.

10. This is what we should attempt to achieve in our initial negotiations with the Chinese, along with their agreement to at least discuss and preferably act on some of the initiatives we have put forward for direct contact on trade and travel.

Key Problems in a Taiwan Agreement

11. Peking will want some acknowledgment that the Taiwan problem is an internal Chinese question and that the U.S. does not envisage a separate country of Taiwan. We will require assurance that the Government of the Republic of China will not come under attack from Peking and that Taiwanese interests will be respected. Peking will want some indication of a U.S. intention to reduce its military presence on Taiwan--the symbol to the Chinese of their own lack of control of the island. We will need to ensure that our own commitments to the GRC can be carried out.

12. These objectives could be totally incompatible. If Peking and we wish to reach an understanding whereby the issue is put to one side, we believe it may be

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possible to achieve this.

The key question is whether the Chinese do in fact wish to accomplish this. This is what our initial negotiations should be designed to find out.

13. The two essential questions on which we may be called upon to reach a decision are: (a) are we prepared to state to the Chinese that Taiwan and the mainland are both parts of "China"; and (b) are we prepared to gradually reduce our actual military presence on Taiwan.

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Both Peking and Taipei differ with us on this issue and agree with each other that Taiwan has been and must remain part of "China". The question has only been

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Whose China? Our initial negotiating position is to keep and hold open this issue by blurring the issue while acknowledging that the people of both the mainland and Taiwan are "Chinese". Peking's sensitivity to the question of "territorial integrity" and over a possible separation of Taiwan from the mainland is likely to cause it to reject such a formulation and to insist upon an explicit statement that Taiwan and the mainland are both areas of "China". We will have to decide whether, if Peking is prepared to accept other aspects of our position, we can agree to this position without jeopardizing our ties with the GRC.

15. The issue of the U.S. military presence on Taiwan is related to Peking's sensitivity to "non-interference in internal affairs". As initial negotiating position, we can indicate our intention to reduce our forces on Taiwan. Most of the facilities we have there now are related to the Viet-Nam war and we have told the GRC these will be gradually withdrawn as the need for them disappears. Conceivably, Peking may be able to accept a general statement of intent accompanied by some symbolic removals in the relatively near future. It may, however, attempt to obtain our agreement to eventually withdraw all military forces from the island. We will have to consider how firm a commitment Peking may be

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willing to give not to use force against Taiwan, the impact on the GRC, and what our actual military requirements for facilities on Taiwan related to other theatre interests may be in deciding whether we could begin to approach such a commitment, even without any specific time limit.

Effect of a Taiwan Agreement

16. Conclusion of an agreement with the U.S. putting Taiwan "on the back burner" would directly signal the Soviets that the prime source of Sino-U.S. tension and the obstacle to potentially broad Sino-U.S. negotiations on a wide range of issues had been removed. In principle it would free the Chinese to face the Soviets militarily free of one of their major security concerns. It would potentially pave the way for improved Sino-Japanese relations on the same basis. It would diminish for a considerable period the threat or risk of armed conflict in the Taiwan area. It would probably have a significant but difficult to qualify effect on the Viet-Nam negotiations, signifying Chinese willingness to compromise with the U.S. and presumably exerting some pressure on Hanoi to do the same.

Other Chinese Options

17. It is possible, even probable, that Peking will not be willing to go this far. It may be that the PRC wants

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only the image of negotiating with the U.S., not the substance. It may wish to accomplish even more by manipulating the image machine by moving Sino-U.S. discussions to Peking or Washington, creating an illusion of progress and accomplishment without actually conceding anything.

18. In short-run tactical terms, such a policy would maximize Peking's interests vis-a-vis the Soviets and maximize our own diplomatic problems. The Republic of China would be seriously alarmed.

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Support among a number of countries for the U.S.-GRC position on Chinese representation in the UN might waver and jeopardize support for the Republic of China's UN seat at the next UN General Assembly session.

19. Our interest in such a meeting should, therefore, be subject to the condition we attached at our January 20 meeting: prior progress at the Ambassadorial-level talks. If such progress takes place and it appears that Peking may in fact be willing to agree to a formula setting the Taiwan issue aside, the risks of

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a higher-level meeting in the U.S. or mainland China to conclude such an agreement would be worth taking.

Levelling with the GRC

20. If the Chinese do appear willing to discuss a Taiwan "lay-away" plan, a key aspect of further development of our position prior to actually reaching agreement with Peking must be a frank discussion with the GRC of our position and the approach we are taking in our discussions with Peking. We have not done this thus far. We would not propose to do it if Peking seems disinterested in the type of approach we envisage. But our own relations with the GRC and its own internal morale will suffer seriously if we proceed to develop our position with Peking without explaining to President Chiang what we are doing, and why.

If Peking Does Not Negotiate

21. If Peking is not prepared to reach such an agreement, and is unprepared to move on to discuss other issues, we will again be at a stalemate and back to where we have been in recent years. The main gainer from such a failure would be the Soviets and the GRC which are firmly opposed to our discussion with Peking. However, we believe that Peking does not want a return to stalemate. It is this which may provide us with some diplomatic maneuvering soon. Even if the Chinese do not agree to

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any formula we could accept, we expect them to keep talking. This serves our minimal purposes as well. Nevertheless, we believe we should strive for more than this minimum.

Key Third-Country Implications of the Strategy Described in This Paper

1. U.S.-Soviet Relations - Moscow is concerned over the possibility of improved Sino-U.S. relations, suggesting that we are attempting to fish in the troubled waters of the Sino-Soviet controversy. Further significant move toward Peking by the United States could bring us close to the point where the Soviets might feel compelled to respond. A U.S.-Chinese move to resolve or reduce tensions over Taiwan would be viewed with alarm by Moscow as would direct U.S.-PRC negotiations in Peking or Washington. A marked increase in the frequency of the talks would also arouse Moscow's suspicions.

Moscow's range of retaliatory options is limited by the fact that a tougher stance on SALT or the numerous other bilateral issues between us could adversely affect Soviet policy interests. Moscow may believe, however, that there are ways of hinting at a toughening which could cause the U.S. to draw back from Peking. For example,

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Soviet European allies to warn us against jeopardizing their interests with the USSR and Eastern Europe. On balance, we probably still have room to maneuver, but we should continue to stress the even handedness of our actions.

2. Taiwan and the GRC - Our actions have drawn increasingly strong, negative, and apprehensive reactions from the GRC. They have characterized the resumption of the Warsaw Talks as "pointless," argued that any hope for improved relations between the United States and Communist China is an "illusion," and expressed concern to other Governments that the U.S. defense commitment may be less assured than before. Our position is that improved U.S. relations with Peking do not affect in any way our commitment to assist in the defense of Taiwan and the Pescadores. It is probably true that GRC confidence on this score has been adversely affected. They see U.S. actions as contributing to the gradual isolation of the GRC and the erosion of its raison d'etre on Taiwan. One effect of U.S. actions thus far has been a tentative shift by Taipei toward increasing diplomatic reliance on Japan as a major bulwark in East Asia. This in turn has resulted in growing PRC apprehension over Japan's future role in this area. Further moves such as those contemplated in this paper will significantly heighten

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Taipei's apprehension and, depending on a number of other factors, increase the strain in Washington-Taipei relations and GRC concern over morale on Taiwan. The GRC will probably intensify its efforts to increase its options as a counter to U.S. moves but its alternatives are relatively few.

3. Sino-Japanese Relations - U.S. initiatives toward Peking have been watched with extreme interest by the Japanese. Recent Japanese moves to start an Ambassadorial dialogue similar to our Warsaw Talks are almost certainly derived from our initiatives. Japan's primary concern is that it not be left behind in any significant improvement of Sino-U.S. relations. It is well aware that, in terms of cultural and trade contacts, we still have a long way to go even to approach the level of Japan, but direct Sino-U.S. negotiations in Peking or Washington may cause the GOJ to seek reassurance at the highest levels as to where the U.S. expects to go in its relations with Peking.

4. The United Nations and Chirep - This year's UNGA will probably see a further loss of support for the GRC's position. Taipei will no doubt argue that any further U.S. moves toward Peking will amount to U.S. undercutting of the GRC's position in the UN, and our actions may in

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fact contribute to some shift in the previous voting pattern. A side effect may be to make the GRC less flexible in its own consideration of alternative tactics in dealing with Chirep.

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